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U.S. DISTRICT COURT

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION

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TEXAS EASTERN

VirnetX Inc.

Plaintiff

vs.

Microsoft Corporation

Defendant

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BY \_\_\_\_\_  
Case No. 6:07CV80

Jury Trial Demanded

**PLAINTIFF VIRNETX INC.'S COMPLAINT FOR PATENT INFRINGEMENT**

**THE PARTIES**

1. Plaintiff VirnetX Inc. ("VirnetX") is a corporation organized under the laws of the State of Delaware, having its principal place of business at 5615 Scotts Valley Drive, Suite 110, Scotts Valley, California 95066.

2. Upon information and belief, defendant Microsoft Corporation ("Microsoft") is a corporation organized under the laws of the State of Washington, having its principal place of business at One Microsoft Way, Redmond, Washington 98052. Microsoft is qualified to do business in the State of Texas, Filing No. 10404606, and has appointed Corporation Service Company, 701 Brazos Street, Suite 1050, Austin, Texas 78701, as its agent for service of process.

**JURISDICTION AND VENUE**

3. This is an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. §§ 1 *et seq.* This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

4. This Court has personal jurisdiction over Microsoft. Microsoft conducts business and has committed acts of patent infringement and/or has contributed to and/or induced acts of patent infringement by others in this district and the State of Texas (as well as elsewhere in the United States).

5. Microsoft has also previously availed itself to this judicial district by filing suit against other litigants in this district, including for example the following: Microsoft Corp. v. Butcher, No. 2:06-cv-00371-DF (E.D. Tex. filed Sept. 15, 2006); Autodesk Inc. and Microsoft Corp. v. C&D Robotics Inc., No. 1:99-cv-103 (E.D. Tex. filed Feb. 26, 1999).

6. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(b) because, among other things, Microsoft is subject to personal jurisdiction in this judicial district, has regularly conducted business in this judicial district, and certain of the acts complained of herein occurred in this judicial district.

#### **VIRNETX'S PATENTS-IN-SUIT**

7. On December 31, 2002, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 6,502,135 B1, entitled "Agile Network Protocol for Secure Communications with Assured System Availability" (the "'135 patent"). A true and correct copy of the '135 patent is attached hereto as Exhibit A.

8. On January 4, 2005, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 6,839,759 B2, entitled "Method for Establishing Secure Communication Link Between Computers of Virtual Private Network Without User Entering Any Cryptographic Information" (the "'759 patent"). A true and correct copy of the '759 patent is attached hereto as Exhibit B.

9. VirnetX is the owner of all right, title, and interest in and to the '135 patent and the '759 patent by assignment, with full and exclusive right to bring suit to enforce each of these patents, including the right to recover for past infringement.

**COUNT ONE**

**MICROSOFT'S INFRINGEMENT OF THE '135 PATENT**

10. VirnetX realleges and incorporates herein the allegations of paragraphs 1 through 9 as if fully set forth herein.

11. The '135 patent is valid and enforceable.

12. Upon information and belief, Microsoft has infringed and/or does infringe the '135 patent. Microsoft is liable for direct infringement and/or indirect infringement by way of inducement and/or contributory infringement of the '135 patent under 35 U.S.C. § 271.

13. Upon information and belief, in violation of 35 U.S.C. § 271, Microsoft provides components from the United States to be combined and/or used outside the United States in a manner infringing the '135 patent.

14. Upon information and belief, Microsoft has willfully infringed and/or does willfully infringe the '135 patent.

15. Upon information and belief, Microsoft's acts of infringement of the '135 patent will continue after service of this Complaint unless enjoined by the Court.

16. As a result of Microsoft's infringement, VirnetX has suffered and will suffer damages.

17. VirnetX is entitled to recover from Microsoft the damages sustained by VirnetX as a result of Microsoft's wrongful acts in an amount subject to proof at trial.

18. Unless Microsoft is enjoined by this Court from continuing its infringement of the '135 patent, VirnetX will suffer additional irreparable harm and impairment of the value of its patent rights. Thus, VirnetX is entitled to an injunction against further infringement.

**COUNT TWO**

**MICROSOFT'S INFRINGEMENT OF THE '759 PATENT**

19. VirnetX realleges and incorporates herein the allegations of paragraphs 1 through 9 as if fully set forth herein.

20. The '759 patent is valid and enforceable.

21. Upon information and belief, Microsoft has infringed and/or does infringe the '759 patent. Microsoft is liable for direct infringement and/or indirect infringement by way of inducement and/or contributory infringement of the '759 patent under 35 U.S.C. § 271.

22. Upon information and belief, in violation of 35 U.S.C. § 271, Microsoft provides components from the United States to be combined and/or used outside the United States in a manner infringing the '759 patent.

23. Upon information and belief, Microsoft has willfully infringed and/or does willfully infringe the '759 patent.

24. Upon information and belief, Microsoft's acts of infringement of the '759 patent will continue after service of this Complaint unless enjoined by the Court.

25. As a result of Microsoft's infringement, VirnetX has suffered and will suffer damages.

26. VirnetX is entitled to recover from Microsoft the damages sustained by VirnetX as a result of Microsoft's wrongful acts in an amount subject to proof at trial.

27. Unless Microsoft is enjoined by this Court from continuing its infringement of the '759 patent, VirnetX will suffer additional irreparable harm and impairment of the value of its patent rights. Thus, VirnetX is entitled to an injunction against further infringement.

**PRAYER FOR RELIEF**

WHEREFORE, VirnetX prays for judgment and relief as follows:

- (a) That Microsoft has infringed each of the '135 patent and the '759 patent under 35 U.S.C. § 271;
- (b) That Microsoft's infringement of the '135 patent and the '759 patent constitutes willful infringement;
- (c) That Microsoft be ordered to pay VirnetX damages pursuant to 35 U.S.C. § 284, including an accounting;
- (d) That Microsoft be ordered to pay VirnetX treble damages pursuant to 35 U.S.C. § 284;
- (e) That Microsoft be ordered to pay VirnetX attorney fees pursuant to 35 U.S.C. § 285;
- (f) That Microsoft be ordered to pay VirnetX pre-judgment and post-judgment interest;
- (g) That Microsoft be ordered to pay VirnetX all of the costs associated with this action;
- (h) That Microsoft, its officers, agents, employees, directors, representatives, parents, subsidiaries, affiliates, distributors and retailers and those persons and entities acting in active concert with, on behalf of, in joint venture with, or in participation with Microsoft, and its

successors and assigns, be enjoined from further infringement of the '135 patent and the '759 patent pursuant to 35 U.S.C. § 283; and

(i) That VirnetX be granted such other and additional relief as the Court deems just and proper.

**DEMAND FOR JURY TRIAL**

VirnetX demands a trial by jury on all issues so triable.

Dated: February 15, 2007

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